



November 12, 2007

Shirlyn Johnson
Examiner
State of Tennessee
Department of Commerce and Insurance
TennCare Division
500 James Robertson Parkway, Suite 750
Nashville, TN 37243

RE: Matter 07-068

Dear Shirlyn:

In response to your letter dated October 8, 2007 regarding the Windsor Health Plan, Inc. (Windsor) amended second quarter filing, we have provided additional responses to each of the outlined issues.

- 1) Windsor did not submit a formal actuarial certification with its October 1, 2007 response and corresponding June 30, 2007 NAIC statement amendment because we believed the previous TDCI request had been asking for the routine reasonableness letter related to the MSM report for June 30, 2007. However, a complete actuarial certification corresponding to the previously amended June 30, 2007 filing has now been included with this response.
- 2) An amended June 30, 2007 Statement of Revenues and Expenses has been enclosed, with the amounts for the prior periods adjusted to the related final statements that were previously filed.
- 3) An amended June 30, 2007 Cash Flows Statement has been enclosed, with the amounts for the prior periods adjusted to the related final statements that were previously filed.
- 4) The \$2,541,844 of amounts reported as receivable from CMS at June 30, 2007 are comprised of two components. \$2,300,000 relates to the accrual of amounts due as a result of the expected premium revenue recoveries resulting from the CMS risk adjustment process. These amounts are not due from CMS until the final settlement in the third quarter of 2008.

The remaining \$241,844 is Windsor's estimate of amounts owed by CMS related to the Part D risk sharing calculations. As outlined by the Part D program, certain financial risk

related to pharmacy costs is shared by each plan and CMS. After the end of each calendar year, depending on the results of CMS prescribed risk corridor calculations, plans are either owed additional reimbursements for Part D costs or the plans owe monies back to CMS due to overpayments. The settlement of risk payments is performed annually in the third quarter for the previous calendar year.

Based on the nature of these receivables and the prescribed reconciliation periods, neither of these amounts is over 90 days due. Accordingly, they were appropriately reported as admitted assets at June 30, 2007.

- 5) On the March 31, 2007 quarterly statement, Windsor reported \$7,000,000 on line 7, aggregate health claim reserves whereas no amounts were reported on this line on the June 30, 2007 statement. When the first quarter statement was completed, Windsor was uncertain how to report the amounts held for members related to the Part D benefit (please see additional explanation in item 6 below) as well as another risk sharing payable to CMS related to Part D (the risk sharing receivable explained in item 5 above was a net payable at March 31, 2007 but it results from the same calculation). Subsequent to the submission of the first quarter NAIC filing, Windsor and its external auditors finalized the correct reporting of these amounts in conjunction with the NAIC quarterly statement instructions and determined that these amounts did not meet the definition of aggregate health claim reserves. As a result, for the June 30, 2007 statement, these payables were reclassified to write-in lines 2101 and 2102. The amounts were not the same between March 31, 2007 and June 30, 2007 due to ongoing operations.
- 6) The \$9,572,340 reported as Aggregate write-ins held for the benefits of members at June 30, 2007 is related to the Low Income Cost Sharing (LICS) and Reinsurance subsidies associated with the Medicare Part D benefit. The LICS subsidy is provided by CMS for certain members whose income and asset levels make them eligible for financial assistance with their pharmacy costs. The Reinsurance subsidy is provided by CMS to subsidize plans in covering the pharmacy expenses for members whose drug costs reach the catastrophic coverage level, as defined by CMS.

Plans do not have any financial risk for the pharmacy costs incurred by members in these two situations. Each month, in order to provide plans with the subsidies, CMS makes a prospective payment based on the plan's membership and Part D per member estimates filed in each plan's annual financial bids. As the related pharmacy costs are incurred, they are not reported as expense, but instead are taken against the amounts received from CMS. Any subsidy amounts not used to pay the allowed pharmacy costs in the appropriate benefit year must be returned to CMS during an annual reconciliation process. The reconciliation for 2006 did not occur until October 2007 so the amounts filed as of June 30, 2007 were based on Windsor's estimates at the time. Windsor uses detailed actuarial models and spreadsheets to derive these amounts.

The total amounts of these combined liabilities increased by \$3,993,095 from December 31, 2006 to June 30, 2007 due to the timing of the reconciliation and monthly payment processes described above. The liability amount at December 31, 2006 will stay on the

balance sheet until the reconciliation in October/November 2007. At the same time, subsidies for 2007 are being received monthly. This increase can also be attributed to the fact that more of the reinsurance subsidy is being received at the beginning of each calendar year than is being used, as members' drug costs typically do not reach the catastrophic coverage level until later in the year.

- 7) An amended Exhibit of Premiums, Enrollment & Utilization has been included which reflects the removal of the membership related to the TennCare line of business.

Enclosed with this response is an amended June 30, 2006 quarterly statement (certain pages only) with a properly executed jurat page to correct the issues noted above. Also enclosed is a complete amended March 31, 2007 quarterly statement. Subsequent to the filing of the March 31, 2007 statement in May 2007, it was determined that additional adjustments were needed to the financial statement amounts and classifications to correspond with the audit report and ongoing financial reporting.

If you have any questions regarding the responses above or the amended statements, please feel free to contact me by email (jgiannotti@windsorhealthgroup.com) or telephone (782-7914).

Sincerely,



Jennifer Giannotti
Vice President, Finance & Human Resources

**STATEMENT OF ACTUARIAL OPINION
STATUTORY STATEMENT OF
WINDSOR HEALTH PLAN, INC.
AS OF AND FOR THE PERIOD ENDING JUNE 30, 2007**

Page 1 of 3

I, Edgar W. Schneider, Consulting Actuary, am a member of the American Academy of Actuaries, and am associated with the firm of Reden & Anders, Ltd. My firm has been retained and I have been assigned to review calculations of certain actuarial items made by Windsor Health Plan Inc. I meet the Academy qualification standards for rendering this statement of actuarial opinion and am familiar with the valuation requirements applicable to HMOs.

I have examined the actuarial assumptions and actuarial methods used in determining the loss reserves, actuarial liabilities and related actuarial items listed below, as shown in the quarterly statement of the organization, as prepared for filing with state regulatory officials, as of June 30, 2007.

(a) Claims unpaid (less reinsurance ceded) (Page 3, Line 1)	\$ 12,757,467
(b) Accrued medical incentive pool (Page 3, Line 2)	\$ 0
(c) Unpaid claims adjustment expenses (Page 3, Line 3)	\$ 345,002
(d) Aggregate health policy reserves (Page 3, Line 4)	\$ 0
(e) Aggregate health claim reserves (Page 3, Line 7)	\$ 0
(f) Experience rated refunds	\$ 0
(g) Any actuarial liabilities included in Page 3, Line 21	\$ 0
(h) Accounts Receivable – CMS – Risk Adjustment Recovery	\$ 241,844
(Page 3, Line 2303)	

I have relied upon the management of Windsor Health Plan, Inc., as attested to by Willis Jones, Chief Financial Officer, as to the accuracy and completeness of listings and summaries of policies and contracts in force, asset records and other information underlying the loss reserves and related actuarial items examined. In other respects, my examination included such review of the actuarial assumptions and actuarial methods and such tests of actuarial calculations, as I considered necessary in the circumstances.

We did not perform any cash flow testing in developing our opinion because of the short-term nature of the liabilities. We did note that the "Cash, cash equivalents and short-term investments" asset as reported on Page 2, Line 5 was \$35,496,606, an amount substantially in excess of the Claims unpaid liability reported above.

In my opinion the amounts carried in the balance sheet on account of the actuarial items identified above:

Reden & Anders, Ltd.

An **ingenix** Company

**STATEMENT OF ACTUARIAL OPINION
STATUTORY STATEMENT OF
WINDSOR HEALTH PLAN, INC.
AS OF AND FOR THE PERIOD ENDING JUNE 30, 2007**

Page 2 of 3

- a. Are computed in accordance with presently accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles;
- b. Are based on actuarial assumptions which are in accordance with or stronger than those called for in related contract provisions and are appropriate to the purpose for which the statement was prepared;
- c. Meet the requirements of the laws of the State of Tennessee;
- d. Make good and sufficient provision in the aggregate for all unpaid claims and other actuarial liabilities of the organization guaranteed under the terms of its contracts and agreements;
- e. Are computed on the basis of actuarial assumptions and methods consistent in all material respects with those used in computing the corresponding items in the annual statement of the preceding year-end; and
- f. Include provision, in the aggregate, for all actuarial reserves and related statement items that ought to be established.

The actuarial methods, considerations and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

To the best of my knowledge, there have been no material changes from the applicable date of the quarterly statement to the date of the rendering of this opinion which should be considered in reviewing this opinion.

This statement of opinion was prepared for, and is only to be relied upon by Windsor Health Plan and the Tennessee Insurance Department, where the opinion is filed.

Edgar W. Schneider

Edgar W. Schneider, ASA
Member, American Academy of Actuaries

November 12, 2007

Reden & Anders, Ltd.
2170 Satellite Blvd, Suite 150
Duluth, GA 30097
Phone: (678) 417- 4903
Fax: (678) 417- 4950

Reden & Anders, Ltd.

An **ingenix** Company

**QUARTERLY STATEMENT
OF THE
Windsor Health Plan, Inc.**

**of
Brentwood
in the state of
Tennessee**

**TO THE
Insurance Department
OF THE STATE OF
Tennessee**

**FOR THE QUARTER ENDED
June 30, 2007**

2007



QUARTERLY STATEMENT
AS OF June 30, 2007
OF THE CONDITION AND AFFAIRS OF THE
Windsor Health Plan, Inc.

NAIC Group Code	1268 (Current Period)	1268 (Prior Period)	NAIC Company Code	95792	Employer's ID Number	62-1531881
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[] Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[] Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]					
Incorporated/Organized	05/14/1993		Commenced Business	01/01/1994		
Statutory Home Office	7100 Commerce Way, Suite 285 (Street and Number)		Brentwood, TN 37027 (City, or Town, State and Zip Code)			
Main Administrative Office	7100 Commerce Way, Suite 285 (Street and Number)		Brentwood, TN 37027 (City, or Town, State and Zip Code)	(615)782-7800 (Area Code) (Telephone Number)		
Mail Address	7100 Commerce Way, Suite 285 (Street and Number or P.O. Box)		Brentwood, TN 37027 (City, or Town, State and Zip Code)	(615)782-7914 (Area Code) (Telephone Number)		
Primary Location of Books and Records	7100 Commerce Way, Suite 285 (Street and Number)		Brentwood, TN 37027 (City, or Town, State and Zip Code)	(615)782-7914 (Area Code) (Telephone Number)		
Internet Website Address						
Statutory Statement Contact	Jennifer Giannotti (Name) jgiannotti@windsorhealthgroup.com (E-Mail Address)		(615)782-7914 (Area Code) (Telephone Number) (Extension) (615)782-7826 (Fax Number)			
Policyowner Relations Contact						

OFFICERS

Name	Title
Michael Bailey	President
Willis Jones	Secretary
	Treasurer

OTHERS

DIRECTORS OR TRUSTEES

Philip Hertik	Willis Jones
Michael Bailey	

State of Tennessee
County of Williamson ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Michael Bailey
(Signature)
Michael Bailey
(Printed Name)
1.
President
(Title)

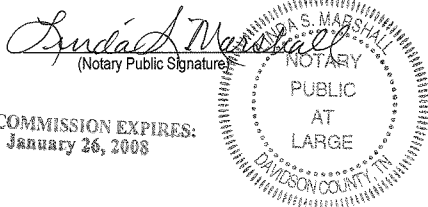
Willis Jones
(Signature)
Willis Jones
(Printed Name)
2.
Secretary
(Title)

(Signature)
(Printed Name)
3.
Treasurer
(Title)

Subscribed and sworn to before me this
13th day of November, 2007

- a. Is this an original filing?
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

Yes[] No[X]
3
11/13/2007
46



LIABILITIES, CAPITAL AND SURPLUS

		Current Period			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	12,757,467		12,757,467	8,714,990
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	345,002		345,002	243,616
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserve				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	13,270,383		13,270,383	
9.	General expenses due or accrued	116,573		116,573	202,134
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates				938,492
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured plans				
21.	Aggregate write-ins for other liabilities (including \$.....0 current)	9,321,243		9,321,243	6,600,002
22.	Total liabilities (Lines 1 to 21)	35,810,668		35,810,668	16,699,234
23.	Aggregate write-ins for special surplus funds	X X X	X X X		
24.	Common capital stock	X X X	X X X	100,000	100,000
25.	Preferred capital stock	X X X	X X X		
26.	Gross paid in and contributed surplus	X X X	X X X	85,190,279	85,190,279
27.	Surplus notes	X X X	X X X	4,231,300	4,231,300
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X	(6,955,991)	(6,955,991)
29.	Unassigned funds (surplus)	X X X	X X X	(70,686,056)	(75,947,451)
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0)	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	11,879,532	6,618,137
32.	Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	47,690,200	23,317,371
DETAILS OF WRITE-INS					
2101.	Amounts Held for the Benefit of Members - Part D	9,321,243		9,321,243	5,579,245
2102.	Amounts Payable to the Centers for Medicare & Medicaid Services - Part D				1,020,757
2103.	.....			
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	9,321,243		9,321,243	6,600,002
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	Dividend to Vanderbilt University	X X X	X X X	(6,955,991)	(6,955,991)
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X	(6,955,991)	(6,955,991)

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	79,623	299,577
2. Net premium income (including \$.0 non-health premium income)	X X X	57,465,301	31,888,819
3. Change in unearned premium reserves and reserves for rate credits	X X X		
4. Fee-for-service (net of \$.0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	57,465,301	31,888,819
Hospital and Medical:			
9. Hospital/medical benefits		27,402,400	14,423,767
10. Other professional services			7,257,232
11. Outside referrals		4,484,998	
12. Emergency room and out-of-area		1,183,593	
13. Prescription drugs		10,229,166	5,578,887
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		43,300,157	27,259,886
Less:			
17. Net reinsurance recoveries		(130,157)	
18. Total hospital and medical (Lines 16 minus 17)		43,430,314	27,259,886
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$.0 cost containment expenses		232,374	
21. General administrative expenses		8,925,639	4,547,593
22. Increase in reserves for life and accident and health contracts (including \$.0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		52,588,327	31,807,479
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	4,876,974	81,340
25. Net investment income earned		384,419	177,758
26. Net realized capital gains (losses) less capital gains tax of \$.0			
27. Net investment gains or (losses) (Lines 25 plus 26)		384,419	177,758
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.0) (amount charged off \$.0)]			
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	5,261,393	259,098
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	5,261,393	259,098
DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2	3
		Current Year To Date	Prior Year To Date	Prior Year
CAPITAL & SURPLUS ACCOUNT				
33.	Capital and surplus prior reporting year	6,618,139	5,288,524	5,288,457
34.	Net income or (loss) from Line 32	5,261,393	259,098	1,342,182
35.	Change in valuation basis of aggregate policy and claim reserves			
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0			
37.	Change in net unrealized foreign exchange capital gain or (loss)			
38.	Change in net deferred income tax			
39.	Change in nonadmitted assets		64,873	52,440
40.	Change in unauthorized reinsurance			
41.	Change in treasury stock			
42.	Change in surplus notes			
43.	Cumulative effect of changes in accounting principles			
44.	Capital Changes:			
44.1	Paid in			(64,940)
44.2	Transferred from surplus (Stock Dividend)			
44.3	Transferred to surplus			
45.	Surplus adjustments:			
45.1	Paid in			
45.2	Transferred to capital (Stock Dividend)			
45.3	Transferred from capital			
46.	Dividends to stockholders			
47.	Aggregate write-ins for gains or (losses) in surplus			
48.	Net change in capital and surplus (Lines 34 to 47)	5,261,393	323,971	1,329,682
49.	Capital and surplus end of reporting period (Line 33 plus 48)	11,879,532	5,612,495	6,618,139
DETAILS OF WRITE-INS				
4701.	Dividend to Vanderbilt University			
4702.	.....		
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page			
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)			

CASH FLOW

		1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations			
1.	Premiums collected net of reinsurance	72,448,816	54,994,865
2.	Net investment income	412,364	559,315
3.	Miscellaneous income		
4.	Total (Lines 1 to 3)	72,861,180	55,554,180
5.	Benefit and loss related payments	39,645,610	31,688,608
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	9,262,585	11,129,178
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	48,908,195	42,817,786
11.	Net cash from operations (Line 4 minus Line 10)	23,952,985	12,736,394
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		770,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)		770,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	831,934	3,088,850
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	831,934	3,088,850
14.	Net increase (or decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(831,934)	(2,318,850)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(1,852,236)	1,554,285
17.	Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	(1,852,236)	1,554,285
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	21,268,815	11,971,829
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	14,221,064	2,249,235
19.2	End of period (Line 18 plus Line 19.1)	35,489,879	14,221,064

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

		Amount 1	Amount 2
Description			
20.0001			

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	4,936							4,936		
2. First Quarter	8,355							8,355		
3. Second Quarter	10,028							10,028		
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	79,623							79,623		
Total Member Ambulatory Encounters for Period:										
7. Physician	43,124							43,124		
8. Non-Physician	12,659							12,659		
9. Total	55,783							55,783		
10. Hospital Patient Days Incurred	14,769							14,769		
11. Number of Inpatient Admissions	1,903							1,903		
12. Health Premiums Written (a)										
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	57,465,301							57,465,301		
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	47,761,116							47,761,116	(290)	
18. Amount Incurred for Provision of Health Care Services	43,430,314							43,430,314	(290)	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$.....57,465,301.

UNDERWRITING AND INVESTMENT EXHIBIT**ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1+3)	6 Estimated Claim Reserve and Claim Liability Dec.31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec.31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare	6,740,722	32,489,227	1,499,744	11,257,723	8,240,466	8,714,990
7. Title XIX - Medicaid	(290)				(290)	
8. Other health						
9. Health subtotal (Lines 1 to 8)	6,740,432	32,489,227	1,499,744	11,257,723	8,240,176	8,714,990
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals	6,740,432	32,489,227	1,499,744	11,257,723	8,240,176	8,714,990

(a) Excludes \$ 0 loans or advances to providers not yet expensed.